

Message Text

CONFIDENTIAL

PAGE 01 STATE 228706
ORIGIN EB-08

INFO OCT-01 ISO-00 L-03 EA-10 SS-15 SSO-00 INR-10
INRE-00 SP-02 OES-09 /058 R

DRAFTED BY EB/ORF/FSE:RLANDERS:CCH
APPROVED BY EB/ORF/FSE:GARSEN
EA/TIMBS:EJCHESKY
EA:EHEGINBOTHAM

-----043977 090102Z /62

O 090029Z SEP 78 ZFF4
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA NIACT IMMEDIATE

C O N F I D E N T I A L STATE 228706

STADIS////////////////////////////////////

E.O. 11652: GDS

TAGS: ENRG, ID

SUBJECT: PAC-INDO LNG PROJECT
REF: JAKARTA 11988; JAKARTA 11740

1. DEPARTMENT WOULD LIKE TO AUGMENT WITH ADDITIONAL INFORMATION AND SOME OF ITS OWN JUDGMENTS THE OUTLINE OF THE FORMAL USG REGULATORY PROCESS STATUS REPORT OF PAC INDO LNG PROJECT CONTAINED SEPTEL. THIS INFORMATION IS PROVIDED ON AN FYI BASIS ONLY WITHOUT DOE CONCURRENCE FOR USE IN DEVELOPING APPROACH FOR MANAGING BILATERAL RELATIONS AND SHOULD NOT BE DIVULGED TO INDONESIANS.

2. IT IS OUR READING OF THE CURRENT SITUATION THAT IT IS THE SITING ISSUES AND RELATED REGULATORY DELAYS WHICH SHOULD BE THE FOCUS OF OUR ATTENTION. BASED ON CONVERSATIONS WITH VARIOUS PEOPLE AT DOE, WE EXPECT THAT THE DECISIONS WILL BE ANNOUNCED TOWARD THE END OF THIS MONTH AND THINK IT LIKELY TO BE POSITIVE. (THERE IS A GOOD CHANCE THAT DECISIONS ON THE MARITIME ISSUES WILL BE ANNOUNCED AT THE SAME TIME, BUT IN ANY CASE SHORTLY THEREAFTER). HOWEVER, THE POTENTIAL FOR FURTHER DELAY ON THE SITING ISSUE IS SUBSTANTIAL AND THERE IS VERY LITTLE HOPE THAT THERE WILL BE ANY SIGNIFICANT PUBLIC DECISIONS

CONFIDENTIAL

PAGE 02 STATE 228706

SION ON THE ESCALATOR WILL BE ANNOUNCED TOWARD THE END OF THIS MONTH AND THINK IT LIKELY TO BE POSITIVE. (THERE IS A GOOD CHANCE THAT DECISIONS ON THE MARITIME ISSUES WILL BE ANNOUNCED AT THE SAME TIME, BUT IN ANY CASE SHORTLY THEREAFTER). HOWEVER, THE POTENTIAL FOR FURTHER DELAY ON THE SITING ISSUE IS SUBSTANTIAL AND THERE IS VERY LITTLE HOPE THAT THERE WILL BE ANY SIGNIFICANT PUBLIC DECISIONS

ANNOUNCED BEFORE THE END OF THE YEAR.

3. AT THE STATE LEVEL, THE CALIFORNIA PUBLIC UTILITIES COMMISSION'S (CPUC'S) EFFORTS TO DEVELOP SAFETY ORDERS GOVERNING CONSTRUCTION OF THE RESERVOIRS AND REGASIFICATION FACILITIES ARE BEING SLOWED DOWN BY LEGAL ACTIONS ON BEHALF OF INDIAN GROUPS TO BLOCK REQUIRED SEISMOGRAPHIC STUDIES ON THE BASIS THAT THE SITE IS HOLY GROUND. THE INITIAL GRANT OF A STAY WAS REVERSED ON APPEAL AND IS NOW BEFORE THE CALIFORNIA SUPREME COURT. ON THE BASIS OF CURRENTLY AVAILABLE DATA, CPUC ENGINEERING STAFF BELIEVES POINT CONCEPCION WILL PASS BOTH SEISMOGRAPHIC AND WIND AND WAVE TESTS IF LEGAL HURDLES CAN BE CLEARED.

4. FERC IS CURRENTLY AWAITING SOME FINAL INFORMATION ON SITING QUESTION FROM THE COMPANIES AND STAFF WILL ISSUE THE FEDERAL ENVIRONMENTAL IMPACT STATEMENT (FEIS) OCTOBER 31. IT IS THEN EXPECTED THAT THE ADMINISTRATIVE LAW JUDGE WILL CERTIFY THE RECORD, I.E. CLOSE THE EVIDENTIARY PHASE, IN EARLY NOVEMBER. CURRENT PUBLIC, BUT NOT ACTIVELY DISSEMINATED, SCHEDULING IN FERC CALLS FOR THE LAW JUDGE TO MAKE HIS DECISIONS ON THE CASE BY THE END OF MAY. (SCHEDULE ACTUALLY SHOWS APRIL 30 BUT THE FEIS ISSUANCES HAS LAGGED A MONTH AND STAFF ASSUMES DECISION WILL ALSO).

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 228706

5. SOUTHERN CALIFORNIA GAS AND PERTAMINA REPS WERE VERY CONCERNED IN DISCUSSIONS WITH DEPARTMENT THAT INFO IN PARA 4 ABOVE NOT BE GIVEN TO GOI AT THIS POINT. THEIR ARGUMENT IS THAT, IF POSSIBILITY OF FURTHER DELAY ON SITING IS SURFACED AT THIS POINT WHEN FEELINGS ON PRICING ARE RUNNING HIGH, GOI WOULD IMMEDIATELY ACT TO CANCEL THE PROJECT. WHEREAS, IF THAT INFORMATION IS WITHHELD UNTIL AFTER THE ESCALATOR IS RESOLVED, THE GOI REACTION WILL BE MUCH MORE MANAGEABLE.

6. AN ADDITIONAL REASON FOR NOT APPRISING THE INDO-NESIANS OF THE FERC SCHEDULE AT THIS TIME IS THAT THE COMPANIES HAVE ADVISED US THAT THEY INTEND TO FILE A MOTION WHICH WOULD HAVE THE EFFECT OF ALLOWING ERA TO MAKE ITS FINAL DECISION WITHOUT WAITING FOR THE ADMINISTRATIVE LAW JUDGE TO MAKE HIS OWN JUDGMENT ON THE FACTS. THE COMPANIES BELIEVE THIS WOULD SHORTEN THE TOTAL TIME REQUIRED FOR A FINAL DECISION ON SITING. WE ARE NOT AT ALL CERTAIN THAT FERC AND/OR ERA WILL AGREE TO THIS PROCEDURE OR, EVEN IF THEY DID, THAT IT WOULD ACTUALLY SPEED UP THE PROCESS. IF THE MOTION IS ALLOWED, HOWEVER, IT WOULD CERTAINLY RENDER IRRELEVANT LAW JUDGE'S CURRENT

SCHEDULE FOR REACHING HIS DECISION AND PERHAPS FOR THIS
REASON ALONE DISCUSSION OF THE FERC SCHEDULE WITH THE
INDONESIANS SHOULD BE DEALYED. WE WOULD VERY MUCH

APPRECIATE EMBASSY OPINION ON COMPANIES' JUDGMENT AND
IMPLICIT STRATEGY FOR HANDLING THIS ISSUE.

7. EVEN IF THE CURRENT MISUNDERSTANDING ON THE ESCALATOR
IS SATISFACTORILY RESOLVED AND THE FEDERAL HANDLING OF
THE SITING DECISION IS DONE IN THE MOST EXPEDITIOUS
MANNER, IT IS ALMOST IMPOSSIBLE FOR THE REMAINING FEDERAL
AND STATE DECISIONS TO BE MADE BEFORE THE END OF THIS
YEAR AND, AS PROBABLY THE GOI KNOWS, VARIOUS CHALLENGES
IN THE COURTS ARE VIRTUALLY CERTAIN. WE WOULD APPRECIATE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 228706

YOUR VIEWS ON HOW THE GOI WILL NOW REACT TO THE REALITY
OF THE REMAINING REGULATORY PROCESS AND CONSIDER HOW WE
CAN BEST MANAGE THESE REACTIONS IN A WAY WHICH DETRACTS
THE LEAST FROM OUR RELATIONSHIPS, AND SUPPORTS THOSE GOI
OFFICIALS WHO USUALLY COUNSEL PATIENCE IN DEALING WITH
THE U.S. CHRISTOPHER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, LPG, NEGOTIATIONS, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 sep 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE228706
Document Source: CORE
Document Unique ID: 00
Drafter: RLANDERS:CCH
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780367-0216
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780984/aaaacrm0.tel
Line Count: 142
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4a787053-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: 78 JAKARTA 11988, 78 JAKARTA 11740
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1492965
Secure: OPEN
Status: NATIVE
Subject: PAC-INDO LNG PROJECT
TAGS: ENRG, ID
To: JAKARTA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4a787053-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014